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CHAPTER 2

The political economy of privatisation

This chapter develops a political economy framework for the analysis of privatisation. It combines the concepts of accumulation by dispossession and the primary and secondary circuit of capital and demonstrates how privatisation is interwoven with, and co-dependent upon, financialisation, marketisation and individualisation (see Figure 2.1). The chapter will outline how these different concepts relate to each other with an expanded definition of privatisation. The chapter examines the impact of neoliberalism in creating the conditions to widen and deepen the scope of privatisation and proposes a ten-part typology of privatisation methods. It concludes by discussing the restructuring of public goods and services, 'transformation' of the state and class struggle.

Accumulation by dispossession

Harvey (2003) identified a wide range of processes underpinning Marx's description of primitive accumulation which included *"…the commodification and privatisation of land and the forceful expulsion of peasant populations; the conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; the suppression of rights to the commons; the commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial, and imperial processes of appropriation of assets (including natural resources); the monetization of exchange and taxation, particularly of land; the slave trade; and usury, the national debt, and ultimately the credit system as radical means of primitive accumulation."*

Move forward to the 21st century and forms of primitive accumulation such as land grabbing with the displacement of peasant farmers continues. The privatisation of water, utilities and nationalised industries are examples of accumulation by dispossession. Rapid financialisation has accelerated asset stripping by private equity funds and ruthless exploitation of debtor nation states by hedge funds.

New mechanisms for accumulation by dispossession have been created such as the commodification of nature and biodiversity; decarbonisation and mitigation of climate change; the corporatisation and privatisation of a wider range of public assets and welfare state services; deregulation and the patent and licensing agreements (TRIPS agreements) in World Trade Organisation negotiations that benefit global pharmaceutical companies (Harvey, 2003). The Investor-State Dispute Settlement (ISDS) mechanism enables transnational corporations to seek compensation if nation states adopt different policies to those free trade agreements (see Chapter 3).

Harvey (2005) later identifies privatisation and commodification, financialisation, the management and manipulation of crises and state redistribution accumulation by dispossession which Ashman and Callinicos (2012) condense into three economic functions of commodification, recommodification and restructuring. Whilst supportive of Harvey's analysis of accumulation by dispossession they raise questions about the conceptualisation of the term and broad boundaries, economic significance and extension in the global economy.

In another approach the concept, accumulation by dispossession comprises three processes of privatisation, marketisation and liberalisation in a political economy framework proposed by Mercille and Murphy (2017). Privatisation consists of corporatisation, outsourcing, PPPs and sale/asset transfer.

However, the increasing role of privately financed infrastructure projects, and the growth of secondary markets in project equity, infrastructure funds, the resale privatised assets and private finance of new PPP models are the rationale for the inclusion of 'financialisation' as an integral part of the privatisation process (Whitfield, 2016). Furthermore, 'individualisation' has increasingly had an integral role in the process of financialisation, marketisation and privatisation. This broadens and deepens the definition of the privatisation process. *"Financialisation and individualisation inevitably lead to commodification, marketisation and deregulation and ultimately to commercialisation and privatisation"* (Whitfield, 2010). The centrality of privatisation was cited by Harvey (1978) but it has since widened in scope and scale. In this wider context, accumulation by dispossession comprises four processes of financialisation, marketisation, individualisation and privatisation that are distinctive, interwoven and thus reinforce each other.

Privatisation has always been *"… a comprehensive strategy for permanently restructuring the welfare state and public services in the interests of capital"* (Whitfield, 1983). It is necessary to establish a more comprehensive definition:

> 'Privatisation is the restructuring, transformation, sale, management, private and for-/non-profit provision of public goods and services; government functions; land and property; nature, biodiversity; and decarbonisation and climate change mitigation. It is interwoven with and co-dependent on financialisation, marketisation, individualisation'.

Privatisation has diversified and mutated from the original emphasis on mass privatisation of industrial companies in Central and Eastern Europe and the Treuhandanstalt asset sales in Germany between 1990 and 1994. Chile and the UK commenced the sale of utilities and transport assets in the 1970s and 1980s respectively and extended to Australia, France, Italy, Japan and Mexico in the 1990s. Meanwhile, over the past three decades, the World Bank and IMF were effectively enforcing smaller scale privatisation of public assets in the global south.

The UK pioneered diversification and mutation of privatisation with the largest PPP programme in the world consisting of 730 public infrastructure projects; 339 PPP health centre projects in England's urban areas and £20bn of 67 multi-service PPP strategic partnership outsourcing contracts (Whitfield, 2014b); the transfer of over seven thousand local authority schools to academies; patient choice; social impact bonds (a PPP for services – Chapter 7); personal budgets and more. Privatisation was extended across an increasingly wider range of public services and functions.

Nevertheless, the sale of state-owned corporations has continued to dominate much academic research (Megginson 2016, Zaifer, 2017, Mercille and Murphy, 2017) despite the economic and social significance of the diversification and mutation of privatisation. It has been common practice to assume that the global gross proceeds of the sale of state-owned enterprises (Privatisation Barometer, 2016) represented global privatisation proceeds when they clearly do not. In addition, economic analysis of the impact of the sale of state-owned assets did not necessarily reflect the full financial, economic and social impact of other forms of privatisation.

More than dispossession

Whilst accumulation by dispossession is a key theoretical understanding it is important to recognise the important impact of disinvestment, destabilisation, depoliticisation and disempowerment, which create the conditions that facilitate further accumulation by dispossession. The loss of publicly owned assets, service provision and subsequent commercialisation, often with higher charges, fares and fees is experienced as dispossession. *"The general aim is to restore and enlarge the scope for private capital accumulation by the 'recommodification' of the public sector"* (Radice, 2014).

The UK has served as a model with its focus on commissioning to advance marketisation and market forces; arms length delivery through trading companies, trusts, management and employment subsidiaries if services and functions could not be privatised; a belief in payment systems and incentives to drive 'transformation'; a value model limited to 'outcomes'; the continued exclusion of citizen/trade union participation and their treatment as customers and not as passengers, patients, pupils and users. The effect is to constantly narrow perspectives and ultimately leads to a loss of vision of the potential for public services, the welfare state and a political economy capable of taking climate action, reducing inequalities and achieving sustainable development.

> *"While dispossession as privatization can be linked in a general way to economic problems (i.e., overaccumulation), this is never automatic. Considerations of power, resistance, agency, and other political-institutional dynamics are always important"* (Whiteside, 2012).

Austerity policies have led to decommissioning (closures or reductions) to reduce revenue and capital public expenditure and thus *disinvestment*. It often leads to investment being phased over a longer period, changed investment priorities, such as reduced training and increased reliance on agency staff.

The promoters of academy, charter and free school models are dependent on the *destabilisation* and denigration of public education. The fracture of public services creates insecurities and instability in service provision for services users and public employees because it gives the appearance that there is no end or conclusion to marketisation and privatisation. The need to reorganise service provision and management of the remaining services and functions creates further insecurity and destabilisation may become a relatively permanent state of affairs. Changes in the economies of scale of public provision caused solely by alternative provision are used to destabilise public budgets.

Depoliticisation occurs when decisions are a matter of individualised choice, which has certain advantages, but removes them from the agenda of collective social need and thereby collective action; they become defined as matters of personal preference. They are removed from community participation, and subject to increasing secrecy under commercial confidentiality and personal privacy regulations.

Elected representatives, service users and public employees are *disempowered* because their power to effect change is significantly reduced either by a contract culture or by the sale of assets which become the ownership of the private sector. Service users and public employees face a significant loss of power to influence public policy and reduced opportunities through community and workplace participation.

Primary and secondary circuits of capital

The capitalist economy captures surplus value from investment in fixed capital, such as machines and equipment, the division of labour and work processes. Competition between capitalists generates changes in working practices to increase productivity and thus increased profit. There are different interpretations of the cause of crises in the capitalist economy. Roberts (2018b) cites the tendency of the rate of profit to fall as the general cause of crises. Panitch and Gindin (2013) consider that crises are always historically specific. Harvey (2006) cites overproduction of commodities, surplus and idle capital, surpluses of labour power and the failing rate of profit and emphasized the temporary displacement of surpluses into the built environment (land, transport and communications networks and buildings).

Tilley et al (2017) emphasize "*…the over-accumulation thesis often fails to provide a full account of the political and contested nature in which contemporary urban processes, dispossession, gentrification and privatisation, are carried out. Capital's 'switch' to the urban was not automatic or uncontested but rather wrought through and fundamentally shaped by class, race and gender struggles, oppositional urban social movements and broader geographically specific political configurations.*"

The secondary circuit of capital has two elements, fixed capital for the built environment for production and one for consumption for the purpose of production, circulation, exchange, consumption and social reproduction. Some aspects of the built environment function for both production and consumption, such as the transport network.

Lefebvre (2003) describes the switching: *"As the principal circuit - current industrial production and the movable property that results begins to slow down, capital shifts to the second sector, real estate. It can even happen that real-estate speculation becomes the principal source for the formation of capital, that is, the realization of surplus value. As the percentage of overall surplus value formed and realized by industry begins to decline, the percentage created and realized by real-estate speculation and construction increases"*.

The secondary sector has its own problems. Real estate speculation is high risk and can cause crises, particularly in the provision of affordable good quality housing (Gotham, 2009). The flow of capital into the secondary circuit is supported by government investment plans for public infrastructure but their long-term nature can lead to over-accumulation and under-investment (Aalbers, 2016a).

Urban growth has changed *"…from an expression of the needs of industrial producers to an expression of the power of finance capital over the totality of the production process"* (Harvey, 1985). The tertiary circuit of capital includes welfare state expenditure and provision of health, social care, education, welfare benefits and pensions essential for economic and social wellbeing. Whilst most of these services remain publicly financed there has been a deliberate strategy to increase private provision in recent years.

The secondary market has diversified from traditional real estate, mainly direct ownership of housing and commercial property to equity shareholdings in schools, hospitals, courts, prisons and military equipment contracts through investment in offshore infrastructure funds that have been aggressively purchasing equity in PPP projects. The PPP secondary market grew rapidly since 2003 and consists of trade in PPP equity and the sale of infrastructure investment funds that trade in PPP equity. The average rate of return from PPP projects is 28.7% i.e. infrastructure funds have acquired PPP equity at a price that reflects this rate of return. These funds in turn aim to provide their shareholders a 7%-8% rate of return (Whitfield 2016 and 2018).

The private equity sector had a secondary market of $40bn transactions in 2017 which enabled investors to sell their stakes in response to corporate bankruptcy or regulatory changes. *"During the dotcom bubble and subsequent bust investors used the secondary market to sell stakes in what had become undesirable companies to hold"* (Espinoza, 2017).

Secondary markets have also developed in the emissions trading secondary market and trading in water assets. Since the 1980s the securitisation of leases, mortgages, loans and debt has facilitated the conversion of opaque and illiquid assets (subprime mortgages and predatory lending for homes, education and cars) into marketable investment products. The 2008 financial crisis led to the collapse of housing and property markets and subsequently to the collapse of several financial institutions (Blyth, 2013).

Political economy framework of privatisation

The final dimension of the political economy of privatisation framework is the global economy context in which privatisation takes place, which has a critical bearing on the privatisation process (Figure 2.1).

No privatisation is unique because there are always private companies that already provide the same or similar services or private equity or investment trusts that have one or more investments in such companies. This is equally applicable when a monopoly asset or service (such a postal service, telecoms and ports) is being privatised because competitor companies will have a vested interest in the potential impact of privatisation proposals on market forces, competition regimes and regulatory frameworks. Companies will be concerned about the potential market impact of restructuring, debt write offs and terms of the flotation or trade sale, even if they have no intention of bidding.

Corporate welfare 'benefits' such as subsidies, grants, guarantees, debt write-offs and tax concessions underpin most privatisations and thus heavily influence whether companies engage in flotations and trade sales and/or bid for PPPs, infrastructure and service contracts. These benefits are often substantial and have a direct bearing on the profitability of projects and contracts (Farnsworth, 2015). Corporate welfare is, in effect, a gateway to private sector involvement or a barrier if it is inadequate.

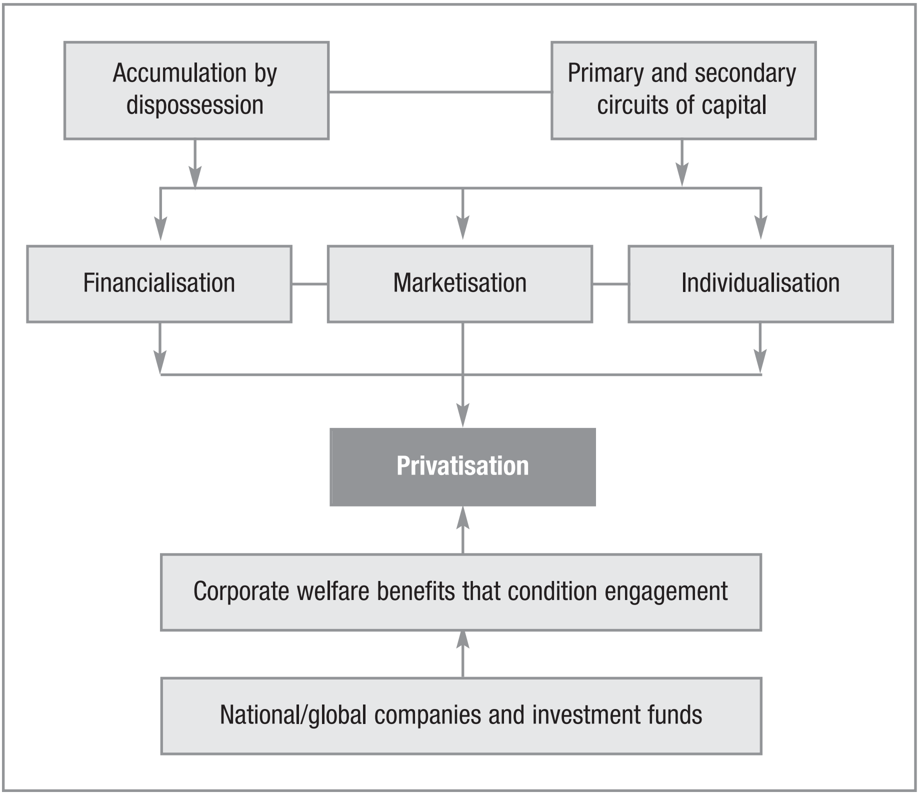
Philanthrocapitalism investment in health and education in developing economies may influence the scale of support by government overseas aid programmes that include marketisation and privatisation of public assets and services.

The political economy framework of privatisation (Figure 2.1) recognises the importance of accumulation by dispossession and the primary and secondary circuits of capital within which the financialisation, marketisation and individualisation processes create the opportunities, legislation and regulatory framework and political legitimacy for privatisation. This model applies to government functions and to public goods and services and the public realm, sphere and domain including climate, nature and biodiversity policies.

Equally important is the presence and viability of national and global companies and various types of investment funds to participate in various types of privatisation. In doing so they demand public subsidies, guarantees, grants, tax concessions and favourable regulatory frameworks as a condition of their participation in investment, acquisition and procurement.

Figure 2.1 explains the processes related to privatisation. Financialisation, marketisation and individualisation are interwoven and have a mutual relationship with privatisation, which is explained below.

Figure 2.1: Political economy of privatisation framework



Neoliberal ideology and structural changes in capitalist economies

Neoliberal ideology has had a major influence in extending privatisation beyond the sale of state-owned corporations and outsourcing of support services to encompass core services, multi-service public private partnership contracts and choice mechanisms for patients and pupils. It also created the conditions for the deepening of financialisation, marketisation and individualisation through seven core neoliberal objectives.

However, structural changes in industrialised economies preceded neoliberalism such as globalisation, the growth of private equity funds in leveraged buyouts and the end of the post-war boom in the early 1970s with soaring unemployment. Cooper (2014) explains the anti-regulatory stance of financial economics, the belief in 'small government' and the increasing interest in Hayek's ideas on neoliberalism and the resurgences of monetarism.

How the core principles of neoliberalism have impacted on the public sector are now examined.

Free trade, competition and markets to allocate resources and deliver services and state control of money supply: Free trade agreements have mechanisms to eliminate tariffs and barriers to trade between a group of countries but there are usually other economic objectives. For example, the Trans Pacific Partnership agreement which came into effect in late 2018 *"…is specifically designed by the United States and Japan to constrain the ability of Chinese and European companies to build market share in Asia"* (see Chapter 3). The GDP of the proposed TPP countries fell from 54% to 36% of world GDP between 1985-2014 with the US share falling from 34% to 23% between 1984-2014. *"So the TPP is not some great free trade arrangement but an agreement by a group of advanced economies, with a fringe of developing countries, whose share in world GDP has been significantly declining, to keep others out"* (Harvey, 2017). Although the US withdrew from the TPP negotiations in 2017 it may eventually re-start negotiations (Donnan and Sevastopulo, 2018).

Commissioning, competition and markets become the dominant mechanisms within nation states to allocate local and central government resources and to deliver public services. *"…the point is that neoliberal rationality disseminates the model of the market to all domains and activities - even where money is not at issue - and configures human beings exhaustively as market actors, always, only, and everywhere"* as economic agents (Brown, 2015).

Deregulate to create new opportunities for capital accumulation: Neoliberal policies over four decades have sought to create the conditions for new and more intensive forms of accumulation. Fewer national and international regulations increase the flow of capital, labour and resources to exploit markets and acquire assets. Financial support, weak regulation regimes, limited monitoring and scrutiny, and increased use of private consultants and advisers all reinforce market expansion. However, neoliberal rhetoric conceals high risks for governments and the private sector. Selective re-regulation of trade unions and the right to demonstrate are intended to minimise resistance to accumulation.

> *"Privatisation is not merely one of several shifts promoted under neoliberalism, but instead is the central assumption and precursor to other market-based reforms. The premise of the 'free market' seems to be deregulation, but underlying this are private property relations, and in particular a privatised nature-society relation"* (Mansfield, 2008).

Deconstruct democracy to a partnership between state and finance/business and consolidate corporate welfare: Public sector access to private finance is presented as a 'partnership' between public authorities and private capital and private contractors for infrastructure projects and service delivery. But in practice there is very limited internal democratic accountability between the external partners and the different interests of the public authority. Nor is there meaningful external democratic accountability with service users, staff and local civil society organisations other than 'consultation', for example in the design of some schools. Discussion of performance and contract matters usually occurs at 'high level' meetings between public and private sector chief executives/directors and the leader of the public authority. Transformation of the nation state and democratic governance is intended to promote partnerships between state, finance and business interests, committed to reducing taxation and the cost and power of labour (Whitfield, 2014).

The focus on commissioning outcomes regardless of inputs, processes and outputs, is intended to maximise the terrain for market forces and to allow private contractors to control the quality and terms and conditions of the workforce, the quality of equipment, working processes and outputs such as the quality of housing (Hodkinson, 2019). The state is, in effect, relinquishing responsibility for these critical aspects that determine the quality of public services. Furthermore, determining the cause and effect of outcomes is made out to be simple when it is much more complex. The contracting system has a shared client/contractor ideology, values and objectives, in which the state outsources an increasing range of services and functions. Privately financed, designed, built and operated public infrastructure and services via PPPs with the higher costs are borne by the state. Consultants and advisors use the 'revolving doors' only to shift between private and public sectors.

Public education in many industrialised countries has been fractured to allow the growth of charter, academy and free schools, whilst the World Bank and private education corporations used philanthrocapitalism and development aid to establish private schools in the global south. In effect, public resources have been ploughed into these alternative models without a procurement process. This created opportunities for private and non-profit chains of school owners, new or expanded markets in school support services, administration and management. The use of vouchers, tax credits and education savings accounts widen market opportunities for capital.

Capitalist ideology, and the drivers of neoliberalism, propel market forces that shape processes and the governance not just of public goods, assets and services, but the economic and social relationships within families, between the people at home and at work, between employee and employer and between citizens and elected representatives. They, in turn, impose relations between service users, staff and service providers.

Reconfigure the role of the state to reduce functions and cut taxes: Embedded neoliberal ideology has shaped the principles and values that facilitate policy making and transformation with narrow and limited equality impact assessments. Neoliberal public management is embedded through commissioning, competition and outsourcing, thus mainstreaming procurement and a contract culture.

> *"…marketisation and outsourcing of the state and financialisation of the state (which Foucault called its "governmentalization") and the financialization of the state itself, which together make the state supremely vulnerable to the movements and crises of finance capital. Financialization also spurs the state to develop derivative markets of its own in everything from terror prediction to student loans and mortgages"* (Brown 2015).

Individual responsibility for own actions and well-being in workplace, living space and consumers in the market place: Individualisation was presented as 'personalisation', which tapped into the demand for better communication, more information and a friendly and respectful treatment of users. Personalisation was very uneven and unequal because some patients benefited from individual choice mechanisms in the NHS, although the real objective was to expand the healthcare market. More generally, service users were shunted into telephone and website complaints channels whilst genuine attempts for their participation in public policy decision-making became fewer and fewer. Thus neoliberalism contributed to depolitisation and disempowerment.

Neoliberalism and globalisation in Australia led the Federal and State governments to remove many of the support mechanisms that protected Australian agriculture. But rather *"…than acknowledging the structural underpinnings of this trajectory of decline and providing financial relief to those areas that have proven most vulnerable to restructuring, the preferred solutions to regional decline continue to be formulated within a neoliberal framework. Hence, the challenges facing regional areas have been individualised and reconstituted, not as a problem for society, but for the individual producers and citizens whose personal failings are the source of their disadvantage"* (Cheshire and Lawrence, 2005).

Reduce the cost and power of labour: The objective has been to reduce the cost and power of labour through various forms of marketisation and privatisation that led to job losses, reduced terms and conditions and weakened trade union representation and organisation. Outsourcing and PPPs led to the transfer of public employees to private contractors and although the 1977 European Directive on staff transfer provided for the retention of current terms and conditions, this was for a limited period in the UK. Furthermore, most contractors employed new staff on inferior terms, which led to two-workforces. Many governments sought to reform unemployment benefit by reducing benefit rates, their duration and/or imposing conditions on their extension. Labour market reforms have been intended to improve the responsiveness of wages to labour market conditions and to weaken the scope of collective bargaining.

Marginalise equalities and social justice: The prioritisation of competition and market forces ultimately leads to deregulation of equalities through new legislation that narrows the scope and definition on inequality and discrimination and the conditions or circumstances when it can be applied. Consequently, "*…when market principles are extended to every sphere, inequality becomes legitimate, even normative, in every sphere*" (Brown, 2015). US charter schools are a classic neoliberal model that seeks to fracture and ultimately replace public schools and there is increasing evidence of deepening re-segregation and educational inequalities (see Chapter 11). The continued dismantling of public institutions, spaces and services is intended to further 'normalise' exploitation.

Thus the neoliberal 'transformation' of the public sector had six key elements: competition through commissioning and procurement; choice via markets; partnership between public, private and non-profit sectors; privatisation of public assets and services; private finance via PPPs; and 'impact' assessed only by outcomes.

The scope and scale of financialisation, marketisation, individualisation and privatisation

Different degrees of financialisation, marketisation, individualisation and privatisation have been dominant public policy in many industrialised countries for several decades. They reinforce capitalism and neoliberalism and embed competition, accumulation, contract culture, private finance and outsourcing in the public sector.

Financialisation, marketisation and individualisation are an integral part of privatisation and in turn each create the conditions to create new opportunities for capital accumulation in each of the four processes. For example, financialisation facilitated the rapid growth of a secondary market in PPP equity. A 28.7% average rate of return increased capital accumulation for banks, construction companies and other PPP investors plus an even larger trade (by value) in the acquisition of infrastructure funds holding PPP equity assets (Whitfield, 2017b).

PPP infrastructure projects require private finance from banks or other financial institutions; architects and construction companies must compete to design and construct new buildings; likewise, facilities management contractors to deliver support services and repairs and maintenance. These processes increase the role and potential markets for financial institutions, and the construction and facilities management industries simultaneously reducing the role of the public sector. In addition, deregulation of planning, development, building, environmental, employment and health and safety regulations create new opportunities for accumulation. They can also have negative impacts.

Aalbers and Pollard (2016) trace how the combined effect of the collapse of property companies in Thailand in 1997 and currency devaluation across Asia led to South Korea market dumping which forced microchip prices to plummet. In the North East of England Siemens announced plans to close a £1.1bn semiconductor plant in North Tyneside that employed 1,100 workers in July 1997; Siemens cleaning contractor Mitie announced redundancy for a third of its 90 workforce; the flow of German executives and their UK contractors to the nearby Stakis Hotel rapidly declined; another Siemens contractor, Foxhunters, a local taxi firm, suffered a big fall in trips to and from the hotel, airport and university; takings at a local pub fell by £600 a week so it had to cut opening hours and had less money to spend in the local economy and Whitley Bay; Graham Jones, a bartender in Whitley Bay lost his job in October 1998 because there was only enough work to employ one person.

Financialisation, marketisation/deregulation and individualisation have an important function in sustaining neoliberal ideology, the claimed advantages of privatisation such as 'entrepreneurship and innovation', 'home 'ownership', 'cheaper utility costs from private sector efficiency'. The scale of the financial incentives noted above ensured a high take-up and 'successful privatisation'. This does not take into account the fact that most privatisations were sold below market value on the basis of the rise in share prices once trading began (Whitfield, 2001). The scale of under-pricing (or mis-pricing) and the subsequent soaring resale price of assets, such as the three rail rolling-stock companies that supply the trains and carriages to the train operating companies, is tantamount to corporate theft.

The transfer of public services to social enterprises on a contractual or permanent basis may be regarded as a positive decision by advocates of social enterprises but can be termed privatisation, when the consequence is the fracturing of public provision and is heavily subsidised by government. About one hundred social enterprises/mutuals were created in the NHS and local government at a time when the government funded various mutual capacity building programmes at a cost of nearly £520m (Whitfield, 2015a).

The cumulative effect of the four processes reduces the capability and capacity of the state to deliver core services and imposes new responsibilities to manage and monitor contracts.

Financialisation

Financialisation describes the increasing importance of financial markets, investment and power of financial institutions in economic relations and the economy (Epstein, 2005; Harvey, 2005; Palley, 2007; Krippner, 2011; and Cooper, 2015). A fuller definition makes clear the important inclusion of social reproduction *"…the process by which the various forms of capital in exchange (including financial and other assets and markets) have not only expanded in extent and diversity but become increasingly articulated with one another. And, in particular, interest-bearing capital has increasingly appropriated activities that were previously the preserve of other forms of productive and commercial capital (or not capital at all, as in unproductive labour engaged in economic and social reproduction). Consequently, economic activity in general has become subject to the logic and imperatives of interest-bearing capital"* (Fine, 2010).

Financialisation creates new opportunities for accumulation by private finance of public infrastructure and government and public authority debt (see Chapter 4). New or increased charges, fees, fares and tolls to access services creates revenue streams that can hasten longer-term privatisation, particularly by recycling of assets.

Private finance is used in three ways.

Firstly, project finance primarily via the design, build, finance and operate model (although there are several variations) for public infrastructure. Although the heavily criticised PPP model is being replaced in the UK, it is being heavily promoted globally by the G20 countries, World Bank and regional development banks.

Secondly, the growth of social investment (impact investment), particularly Social or Development Impact Bonds (Pay for Success in US) has led to the increasing marketisation and privatisation of early development and intervention functions. Global banks such as Goldman Sachs and JP Morgan invested in SIB projects and promoted social investment, which has enhanced their corporate social responsibility profile. National and local charities and foundations have also invested in projects.

Thirdly, philanthrocapitalists such as Bill Gates (Microsoft), the Walton family (Walmart) and Koch brothers (Koch Industries) use their foundations and increasing wealth to try to dismantle public education and promote charter schools, agribusiness and the right-wing public policy agenda. Some pour money into right-wing think tanks, anti-trade union activities and finance of suitable candidates in national and local elections (see Chapters 3 and 8).

Marketisation and deregulation

Commissioning, commodification and commercialisation are marketisation processes that impose market forces in the provision of public services; the administration and management of government; the protection of nature, biodiversity, the environment and climate action. It is a five-stage process that commodifies services and jobs in parallel, restructures the public authorities for competition and market mechanisms, reorganises democratic accountability and embeds business interests (Whitfield, 2006). These processes increase the scope and range of services subject to outsourcing, whilst soft market testing prior to procurement enables the private sector to influence what is outsourced, how and under what conditions.

Outsourcing and PPPs do not involve the sale of public assets but access/use is transferred to private delivery for 5 – 40 years. Similarly, concession contracts for highways, parking, ports and energy assets in 49-99 year leases can justifiably be termed privatisation when they span generations. Rail privatisation often involves private ownership of the rolling stock, which is leased to the franchised train operating companies using either public or private tracks and signalling, which is privatisation by any definition.

Deregulation has been necessary to financialise, individualise and privatise public goods and services but its primary function has been to maximise market forces in commercial markets and thus create the conditions for further marketisation and privatisation, for example by undermining planning, construction, environmental and employment regulations.

Individualisation

Individualisation extends financialisation, marketisation and privatisation through participation in vouchers, savings accounts and tax credits to purchase private health and/or education. Competitive individualism is encouraged through 'choice' and financialised models of provision. Individual choice mechanisms and personal budgets expand local markets at the expense of public provision. Service users are treated as consumers whose views and opinions are obtained through market research and opinion polls. Individualisation is sometimes referred to as 'personalisation'. It imposes the transfer of risk and responsibility to service users and establishes a commercial government-citizen relationship. In fact, most service users want personal care and attention, performance disclosure, due process, democratic accountability, redress channels to protect their rights and genuine participation in decisions that affect their lives.

Examples of direct individualisation include increased participation in choice mechanisms and personal budgets bearing increased costs of access to privately provided public services and private investment through fees, fares, charges and tolls paid direct to private operators. Indirect examples include increased family/individual responsibility as a result of de-commissioning and privatisation, the loss of labour and human rights and wage cuts and insecurity as a result of deregulation.

Privatisation

Some critics claim that privatisation is limited to the sale of assets or the transfer of services to the private sector when in fact it is multi-faceted as demonstrated in the typology below.

Of the ten types of privatisation outlined below, seven directly contribute to accumulation by dispossession with the privatisation of governance being the exception that indirectly create opportunities for capital accumulation. In addition, the corporatisation or transfer of services to arms length companies or social enterprises, indirectly create similar opportunities.

Financial benefits played a key role in supporting the ideology of privatisation in addition to providing incentives to service users and public employees to participate and not to oppose privatisation – free shares to employees, discounted shares to service users and employees, heavily discounted sales of public housing homes were not new models of financialisation but the scale of the financial costs were unprecedented. Similarly, the debt write-off of state owned corporations and stock transfers of public housing to housing associations were of a deal-making scale (see Chapter 13).

The objectives of privatisation are commonly stated to be one or more of the following:

Achieve increased efficiency through changes to working practices and more competition; However, public services have to be assessed by a tri-part of effectiveness, efficiency and equity which are interdependent. Employment quality and engagement of service users and staff should also be included. To focus only on efficiency is not only narrow minded but excludes important objectives and principles of public services. Right wing privatisation advocates often refer to 'government failure', but the stark reality is an increasing rate of private sector infrastructure and service provision failures with grossly excessive profiteering in projects that remain operational.

Cost savings can help to keep taxes down; The majority of cost savings are obtained by cutting jobs, and terms and conditions, which has a negative impact on the quality of services and the local economy - see Chapter 13.

Improve quality of service and choice for users; Most of the evidence proves precisely the opposite, that privatisation of education, health and a wide range of other public services reduces the quality of service and life - see Chapters 10 and 11.

Privately financed services and infrastructure contribute to minimising the need for public investment and thus supresses the level of public debt; Firstly, privately funded investment is significantly more expensive than government financed investment – see Chapter 9. Secondly, privately financed public sector projects have long-term guaranteed contractual obligations, normally paid in monthly repayments from public sector revenue budgets. Formal public debt is evaded, but contractual debt is public debt by another name and much more costly for taxpayers because of the higher interest rates charged for private investment.

Increase productivity: The relative efficiency of the private sector is frequently overstated. The IMF concluded *"While there is an extensive literature on this subject, the theory is ambiguous and the empirical evidence is mixed"* and *"…it cannot be taken for granted that PPPs are more efficient than public investment and government supply of services"* (IMF, 2004). This does not take into account comparative quality of services, jobs and equality. It is also important not to compare gains made in manufacturing industries in transition economies of Russia, Ukraine, Hungary and Romania between 1985 and 2002 (Brown et al, 2004) with education, health, social care and other public services in other countries.

Encourage economic or enterprise growth: by increasing the ability of privatised services and corporations to develop new products or services and/or expand into new or existing markets.

Debt reduction: The sale of state-owned corporations usually includes debt write-offs that are rarely taken into account in economic analysis of privatisation (House of Commons Library, 2014 and Wren-Lewis, 2014). Furthermore, they are, in effect, a subsidy to the new private or non-profit sector owners of assets.

The remainder of this book will demonstrate that these claims are false.

Privatisation by stealth

Privatisation by stealth is intended to achieve partial or small-scale privatisation that creates the conditions for larger scale, longer-term, privatisation in future. Stealth tactics include the selective outsourcing, new sources of private finance, transferring services to fracture organisational structures and change economies of scale and new or increased charges to create revenue streams. Of course, the real motives are never explicit but concealed in neoliberal rhetoric.

New organisational models have been promoted to achieve much needed integration of health and social care services, but they are usually intended to achieve neoliberal objectives. For example, NHS England want them to 'stimulate market' and "*…would involve systemic change, allowing for the transfer of risk and responsibility for funding, commissioning, and providing health and social services for 10, or even 15 years to one body – public or private – with the right to sub-contract entire services, and even all of them*" (Hutchinson et al, 2018). This is the context for the earlier separation of commissioning into Commissioning Care Groups, NHS Trusts hiving off employees into a separate subsidiary and discussion about new Accountable Care Organisations. It is assumed that adherence to public service principles will be weakened and a new culture of 'entrepreneurial management' could develop to financialise, marketise and privatise services.

The transfer of services to 'alternative' providers such as public sector arms-length companies or social enterprises to promote 'social and employee ownership' are assumed to be more acceptable than private contractors. However, the objectives of increased commercialisation and reduced labour costs remain the same.

Services that are integral to frontline services, (such as out-of-hours surgery services, patient transport, pharmaceuticals or diagnostic services) are often selected to be hived off on a piecemeal basis to avoid consultation with service users and staff. General Practice doctors may sign up to private practice allowing patients to jump the queue for an appointment, but only at a cost. Another example is the tendering and outsourcing of certain bus routes to create 'competition in the bus market' as Ireland's National Transport Authority (NTA) has done in Dublin and the national Bus Eireann network (Fitzgerald, 2018). At another level, commissioners may be sanctioned to test their authority within the organisation, in effect to notify medical, teaching or professional staff that privatisation could be extended to the core functions of government and public authorities. This is intended to have a 'disciplinary' effect on the workforce.

Other stealth tactics include: the rundown of public housing and eventual demolition and replacement with 'luxury private apartments'; widening the scope of outsourcing to strengthen or extend the local public services market; de-commissioning services such as libraries and children centres and widening the use of volunteers in running public services and to seek community service providers; or an additional tax on property owners who gain increased value from nearby public infrastructure projects (value capture).

The growth of personal health and personal social care budgets has moved away from the original objective of helping to provide independent living for disabled people, to all patients with long-term health conditions, social care and pregnancy.

Commissioners may be attracted by new sources of private finance such as social impact bonds and variants of public private partnerships that provide new opportunities for private investors, consultants and private and/or non-profit contractors and open early intervention and prevention services to financialisation, marketisation and privatisation - see Chapter 2 (NUPGE, 2019).

Significantly, genuine attempts to examine how services can be made more effective, innovative and flexible within the public sector, are absent from the privatisation by stealth agenda. Each proposal is considered as a one-off case with little or no attempt made to examine the democratic, operational, financial and transformational impact on other services and functions.

Fracturing public provision is intended to create new opportunities for accumulation, for example, outsourcing functions, more reliance on private finance and increased use of management consultants and law firms. It reflects the neoliberal transformation theory that new organisations or businesses will create the conditions for improving the quality, access, efficiency, productivity, the potential for innovation and reduce the cost of delivery because they will be free of public sector 'bureaucracy'. Evidence in chapters 7-13 shows that such objectives are rarely achieved.

Exploitation of natural disasters and economic crises to enforce privatisation

Natural disasters, such as floods and hurricanes (New Orleans and Puerto Rico) and financial crisis (Greece, Ireland, Spain and Portugal post 2008) have been exploited as opportunities to impose immediate radical 'transformation'. For example, the conversion of the public school system in New Orleans to charter schools after the flooding caused by Hurricane Katrina in August 2005. Privatisation programmes were imposed by the EU and IMF on countries that required bailouts, particularly Greece, following the 2008 financial crisis.

A typology of privatisation

An earlier typology (Whitfield, 2006 and 2012b) had three dimensions, namely marketisation of global public goods and assets and services, privatisation of governance and democracy and privatisation of the public domain. The new typology is based on the four dimensions of financialisation, marketisation and deregulation and individualisation for the reasons set out above. It identifies ten ways in which economies, nature, environment and our lives are being privatised through:

- Sale of public assets;
- Asset recycling;
- Corporatisation and transfer;
- Outsourcing;
- Public-private partnerships;
- Private provision publicly financed;
- Privatisation of governance;
- Commodification of nature and biodiversity;
- Loss of human and labour rights;
- Privatisation of the public realm, domain and sphere.

Increased private finance means government and public authorities are locked into expensive long-term contracts and constrained by financial relations that limit their flexibility, innovation and ability to respond to changing economic and social needs. The range of public assets and services continues to broaden.

Mutation

Privatisation mutated to take account of economic and political realities that large parts of public services cannot be sold-off like utility and industrial state-owned corporations. In education, for example, the political objective was to fracture and fragment public provision by establishing ‘alternative’ provision such as academy, charter and free schools alongside systematic denigration of public provision. New pathways created opportunities for piecemeal privatisation under the guise of ‘social enterprise’ and ‘community empowerment’ (Whitfield, 2012c).

The objectives of privatisation changed in response to political economy constraints and opposition within core welfare state services, particularly education, health and social services. Thus state funding of non-profit provision with for-profit support services came into effect on a large scale (Whitfield, 2012c).

Marketisation and privatisation provide new opportunities for accumulation, for capital to gain more power and control in the economy and to transfer risk, cost and responsibility to individuals. This will enable capital to radically reduce the role of the state yet safeguard corporate welfare.

Table 2.1 at the end of this chapter details the scope of ten types of privatisation in industrialised countries in Europe, North America and Asia-Pacific regions and the role that financialisation, marketisation and individualisation have in their implementation.

Restructuring of public goods and services, realm, domain, sphere and commons

Financialisation, marketisation, individualisation and privatisation have had a significant impact on public goods and services and other dimensions of the public realm, sphere, domain and trust.

Public goods - the concept of public goods was introduced into economic theory and defined as having two key properties - non-rival (consumption by one user does not reduce the supply available to others) and non-excludable (users cannot be excluded from consuming the goods) (Samuelson, 1954). *"The defining characteristic of a public good is that consumption of it by one individual does not actually or potentially reduce the amount available to be consumed by another individual"* (Gravelle and Rees, 2004). Nor is it possible to charge for their consumption. Street lighting is an often-cited example together with defence, law and order, public health, macro-economic management, roads, parks and open spaces.

Public infrastructure - the transport, utility and communications networks, facilities, buildings and equipment required to sustain and improve the economy and quality of life.

Public works refers to the maintenance and improvement of a city's public buildings, highways and drainage systems. It can include maintaining traffic lights, street cleaning, waste collection and disposal, and utilities.

There is increasing recognition that an economistic definition of public goods is flawed (Orchard and Stretton,1994, Deneulin and Townsend, 2006).

> *"Orthodox economic theory, and Samuelson's definition, ignore the reality that public goods derive from social as well as economic forces. In reality, public goods originate through collective choice (voting) and are funded by collective payment (taxes). Government produces them because the market does not or because a society decides that all citizens should have access to them regardless of ability to pay because their social or economic benefits are so important"* (Sekera, 2014).

Public goods are created to meet a need, not to realise surplus revenue or profit. Some public goods may be part-delivered by the private sector, but this does not change the definition of a public good (Kaul et al.,1999 and Anand, 2004). Public goods are created by human effort, in contrast with 'natural goods'.

> *"…it is equally important to move beyond an economy of need, in which work is seen as a burden only undertaken under the stimuli of reward or deprivation, towards one aimed at improving the quality of work; that is intrinsically satisfying because it is creative and meaningful"* (Radice, 2012).

Global public goods have three dimensions: they cover more than one group of countries; they benefit not only a broad spectrum of countries, but also a broad spectrum of the global population; and meet the needs of present generations without jeopardising those of future generations (Kaul et al, 1999 and Anand, 2004).

Natural goods - Air, water and land are natural goods; air is a natural good; clean air is a public good and is biodiversity. Land is a natural good; national parks are public goods. (Public goods are created to protect and preserve natural goods).

Public realm or built environment - publicly owned streets, pathways, right of ways, parks, publicly accessible open spaces and public and civic buildings and facilities. The quality of the public realm is vital in creating environments that people want to live, socialise, work, relax and play in. The public realm includes the right of assembly and to demonstrate in contrast to private spaces which prohibit the distribution of leaflets or to hold a meeting.

Public domain or creative commons – is defined as information, ideas and creative work on which the copyright, patent or trademark is available for use by anyone for any purpose. Public domain is a designation for content that is not protected by copyright law or other restriction and may be freely copied, shared, altered and republished by anyone.

"[T]here are certain materials – the air we breathe, sunlight, rain, space, life, creations, thoughts, feelings, ideas, words, numbers – `not subject to private ownership. The materials that compose our cultural heritage must be free for all living to use no less than matter necessary for biological survival" (Patterson and Lindberg,1991).

In practice, not everyone is equally able to benefit from what appear to be freely available resources. *"The romance of the commons – the idea that a resource open to all will be accessed equitably and create a more just outcome, that differences evaporate online, openness ensures fairness, and the goods can be "free" to all without negative consequence – ignore the problem of inequality. In reality, differing circumstances, abilities, assets, and power render some better able to take advantage of a commons than others"* (Taylor, 2014).

Indigenous peoples are subject to land grabs and forced displacement with the threat of their culture and heritage being eroded. Meanwhile, in developed countries the public domain is increasingly commercialised, for example, through sponsorship of arts and cultural events and branding of think tank reports on public policy.

Public sphere – A liberal concept of the public sphere was developed by Habermas as "*…made up of private people gathered together as a public and articulating the needs of society with the state*" (Habermas, 1989). The concept was developed by Fraser (1990) to include the elimination of social inequality and a multiplicity of publics is preferable to a single public sphere, "*…the inclusion, of interests and issues that bourgeois masculinist ideology labels 'private'* " and treats as inadmissible and "*…allow both for strong publics and for weak publics and that it would theorize the relations among them*".

Through acts of assembly and dialogue, the public sphere generates collective opinions and attitudes, which serve to affirm or challenge therefore, to influence public opinion and policy. In common with the public realm and public domain, the public sphere is not equally accessible by everyone and some are not able to participate on equal terms in public consultations.

Public trust in public institutions is critically important. It has two main drivers, competence and values, which are particularly influenced by reliability, integrity, responsiveness, fairness and openness (OECD, 2017a). Public trust is won or lost by the 'lack of economic growth' and impact on incomes, jobs and equality; anger over the persistence of corruption, tax evasion and regulatory capture by corporate interests; and "*…unease over the ability of governments to manage global pressures and risks such as climate change, geopolitical tensions, terrorism and large-scale migration*" (ibid). A more honest analysis would have recognised the role of international bodies such as the OECD, World Bank and IMF in advancing the neoliberal agenda and the failure of global institutions to prevent developed and developing countries waging war.

Trust can quickly be eroded when service users and public employees are excluded from decision-making processes and when 'consultation' conclusions are cast aside without explanation or justification. Poor communication of changes in service delivery and failure to follow up user complaints erodes confidence in services.

'Public value' and 'public interest'

'Public value' and 'public interest' have been defined (Moore 1997, Bozeman 2007, and Mazzucato and Ryan-Collins, 2019) and whilst both terms are concerned with a 'public' dimension, they have different dimensions and ultimately apply either to everyone or to the person(s) asking the question 'whose value' or 'whose interest'? There is a need to be specific in determining 'value' and 'interest' in all public investment and public provision.

Yet Mazzucato and Ryan-Collins (2019) argue that public value is central to market shaping: *"Public value, we argue, is created by public sector actors creating and co-shaping markets in line with public purpose. This direction-setting role enables public, private and civil society sectors to collaborate effectively to solve societal problems"*

But the market context is restrictive and only serves to limit the useful application of the terms.

The commons - Harvey (2011) recognised Ostrom's (1990) systemisation of the anthropological, sociological and historical evidence of the commons but concluded:

> *"…the possibilities for sensible management of common-property resources that exist on one scale, such as shared water rights between one hundred farmers in a small river basin, do not and cannot carry over to problems such as global warming or even to the regional diffusion of acid deposition from power stations……..why the lessons gained from the collective organization of small-scale solidarity economies along common-property lines cannot translate into global solutions without resort to nested hierarchical forms of decision making."*

Transformation of the state

Austerity policies, since the 2008 global financial crisis, have accelerated financialisation, marketisation, individualisation and privatisation and provided further justification for 'transformation' of the state through neoliberal public management. The state collaborated in accumulation by dispossession by deregulation, significant cuts in public expenditure, expanding opportunities for private finance and legislation that reduced equality requirements, marginalised inputs, processes and outputs so that performance was assessed only on 'outcomes'. This contrasted starkly with the billions spent bailing out banks and their shareholders.

Nation states have a pivotal role advancing privatisation because they are responsible for privatisation policy and timetable, legislation, regulatory frameworks and public expenditure. They normally bear the cost of restructuring, debt write-offs, the public share of transaction costs, subsidies, tax concessions, financial guarantees and the scale of free or discounted shares to employees that arise in the preparation for privatisation.

The 'partnership model' has been a key mechanism in the reform agenda - there are currently four types of partnerships which comprise a primary market:

Global partnerships, for example in health and education, between the World Bank, IMF, UN and other agencies with transnational corporations and/or philanthrocapitalists (see Chapter 3);

Public Private Partnerships, particularly for public infrastructure projects, between governments and public authorities and private construction companies and facilities management contractors and initially financed by banks and other financial institutions for 25-40 years (see Chapter 9);

PPP Strategic Partnerships, primarily for support services in multi-service 10-15-year contracts, with public authorities and private contractors, financed through public sector revenue accounts, mainly UK (see Chapter 10);

Social, Environment or Development Impact Bonds, primarily for core public or welfare state services in early intervention and prevention (education, children's services, healthcare), with 2-7 year outcome based contracts, financed by banks, private impact investors and foundations and delivered by non- or for-profit contractors (see Chapters 3 and 7).

Critically, these 'partnerships' have several common features:

- Increase the scope and range of services and functions subject to privatisation;
- Initially depend on private finance but ultimately all but the first are fully publicly financed;
- Governed by separate public/private arrangements that are selectively and partially accountable and not transparent;
- Wide use of consultants and lawyers;
- High failure rates;
- Costs savings claimed but rarely evidenced;
- Reduce the capability of the public sector.

Further, a secondary public infrastructure market consists of the takeover and acquisition of PPP and non-PPP public infrastructure assets such as toll roads, airports and hospitals (including via asset recycling and sale of interests in long-term leases), in which banks and private equity funds sell or acquire ownership of assets; the sale of equity in one or more PPP projects; the sale and acquisition of infrastructure funds; the re-finance of PPP projects once they are operational; and the potential sale/acquisition of investor interests in SIB, EIB and DIB projects. Governments, financial institutions and construction companies and the secondary market will be involved where PPP projects suffer major financial, construction or operational problems.

Most nation states have promoted the PPP model for public infrastructure. UK governments boasted that they successfully exported PPP around the world and used the development aid programme to ensure the global south received conditional aid to further embed PPPs in their economies. And they were accompanied by the big global banks and financial institutions, construction companies and management consultants, together with the World Bank, IMF, OECD and the regional development agencies.

Another PPP model, Social Impact Bond (SIB), rebranded as a Development Impact Bond for the global south and adapted into Environment Impact Bonds in the US, was developed under the UK Labour government in 2000. It was later catapulted on to the G20 agenda by the UK Conservative government in 2014. Subsequently, several countries established national taskforces to develop SIB programmes (Social Impact Investment Taskforce, 2014a). Environmental Impact Bonds have since developed in the US.

The state will have a critical and transformational role in reversing privatisation and rebuilding capacity and capability to take over a raft of functions and services that have been systematically marketised and privatised over the last four decades. This will be no easy task. The need for a radical public management approach and the resources it requires are discussed in Chapters 14-17 respectively.

Yet concepts of the enabling, relational and entrepreneurial state remain on the public policy agenda. The Enabling State *"...retains responsibility for most welfare, central and local government services which are provided by a mixture of in-house units, private contractors, independent and voluntary organisations. However, the private sector is deeply embedded in state functions through a myriad of partnerships, joint ventures and contracts. The state is fluid, shapeless, functioning as provider, partner, client, contractor, financier and facilitator"* (Whitfield, 2001). This remains the current UK model and prevalent in many nation states.

Nearly two decades ago in the UK, Labour-controlled Newcastle City Council set a precedent by retaining ICT and corporate services in-house following a trade union campaign that comprised industrial action, initiating staff/management workshops to prepare an in-house improvement plan and trade union evaluation of BT's bid (see Chapter 16). Wind forward to a Labour-controlled council in 2017:

> *"Councils will shift from a provider role to become champions and convenors in their areas. Certainty on our funding to 2020 gives time for a conversation with the city on how and by whom services can be delivered in this new world"* (Newcastle City, 2017).

This is neoliberalism dressed up as the 'enabling state' model.

Class struggle

The inclusion of organising and struggle at political representation, workplace, civil society and community levels are all vitally important. Recognition of class is critical in identifying the specific impacts and consequences for specific groups of the population or locality and specific service users, rather than the 'public' value of benefit or policies and projects. This is essential in developing policies and strategies that will significantly reduce inequalities and poverty instead of policies that depend on them being reliant in knock-on and/or trickle-down processes that have been proven to be largely ineffective. Harvey (2010) concluded *"…we are witnessing a consolidation and centralisation of class power into the hands of a few institutions that escape public control"*.

Struggles at the point of valorisation inevitably have a class character (which is much theorised and well known). Those at the point of realisation focus on buyers and sellers and trigger fights against predatory practices and accumulation by dispossession in the market place (for example, against gentrification and foreclosures) (Harvey, 2017).

Table 2.1: Typology of privatisation, financialisation, marketisation and individualisation policies and objectives

Privatisation	Financialisation	Marketisation & Deregulation	Individualisation
Sale of public assets			
Sale of state-owned corporations and companies or shares in industrial companies via share flotation or trade sale	Restructuring, debt write-off, and tax concessions before sale. Investor-state dispute settlement in trade agreements used to seek compensation.	Deregulation and liberalisation via free trade and services agreements, or weakening of national environmental, construction regulations and quality standards.	New and/or increased charges, fees, fares and tolls. Engagement in switching energy and telecoms suppliers attracted by cost saving deals.
Sale of public buildings, land, forests, public housing, parks, school playing fields	Discounts for public housing tenants and debt write-off in local authority housing stock transfers. Austerity drives sale of public and common land.		Decision to buy public housing dwelling irrespective of local consequences (in some cases to become a private landlord).
Sale and leaseback of government buildings	Commodify public estate.	Commercialised public asset management.	
Sale of rights and financial assets such as housing or student loans	Exploitation of debt repayments by increased interest rates to maximize rate of return.		New and/or increased charges, fees and interest rates.
Land grabbing of public and private land	New financial derivatives in commodity markets.	Pension funds seek 'alternative investments' via new investment funds/global agriculture platforms.	

Asset recycling			
Long-term leasing of public assets in concession contracts, usually for 49-99 years	Global banks compete for deals. Attraction of upfront lump sum payment and dependent on continuous flow of charges or tolls. Resale of concession to new consortia to extract profits.	Increased market in financial advice and due diligence.	Increased charges, fees or tolls.
Corporatisation and transfer			
Corporatisation – transfer of public services to arms-length company, publicly-owned corporation or accountable care organisation	Separate accounts and employment conditions. Income generation targets and bid for other public sector contracts.	Model public sector on private firm and organisation of services into business units operating with business values and principles. New stand-alone organisations turn to private finance and partnerships.	New and/or increased charges, fees, fares or tolls. Companies are employers and usually change terms and conditions particularly for new starters.
Transfer of services to social enterprise, mutual organisation or cooperative			Often includes dependency on use of volunteers to provide services.
Outsourcing			
Outsourcing and franchising public services with 3-10 year contracts for private service provision. PPP Strategic Partnerships: multi-	Financial savings key objective but frequently not achieved. Pricing of performance defaults and monetising contract monitoring.	Commissioning – separation of purchaser and provider functions. Choice mechanisms designed to ‘personalise’ social need and expand	Workers often required to be independent contractors. Increased domestic and family responsibility because services reduced in

Outsourcing (continued...)			
service 10-year contracts for corporate, planning, highways & education support services.		internal or private markets. Public service values and principles replaced by market ideology and commercial values and greed.	scope and time allocated.
Provision of technical, operational, financial and legal advice by private consultants and legal firms	Increased share of public sector revenue budgets on consultants.	Growth in 'transformation' consultancy contracts.	
Public sector allocates Personal Budgets	Public money transferred to personal budgets so allegedly give service user flexibility to spend on needs.	Encourage expansion of local health and social care markets.	Service user may take on employer responsibilities in cases of high level care.
Privatisation of military operations and security functions	PPP projects for military equipment and operational support plus large scale outsourcing of security services.	Expand military industrial complex and security industry.	
Deregulation and liberalisation	Opening of publicly funded core services such as education and health to global markets.	Potential expansion of marketisation and market forces from Trade in Services Agreement and European Union negotiations. Reduced power of state to intervene in markets.	Increased individual privatised choice but reduced power to influence service provision or seek compensation.

Public-Private Partnerships			
Private design, build, finance and operate 25-40 year contracts for public infrastructure Foreign aid budget allocation to support development of PPPs overseas.	Banks, pension funds and other financial institutions compete to fund PPPs. New project bonds – EU Project Bonds; blended finance – public development finance plus private or public to leverage additional private finance; wider use of interest rate swops; ratings system for privately financed projects and revenue bonds; corporate welfare subsidies, guarantees, cheap loans and tax concessions.	Markets develop for construction-led PPP projects, funding and delivery of support services.	New and/or increased charges, fees, fares and tolls.
Secondary market in PPP equity and trade in existing PPPs and infrastructure assets	Secondary market for trading and speculation in SPV equity shares and sale of existing public infrastructure projects.	New secondary market offshore infrastructure funds.	Listed and usually offshore infrastructure funds offer investment opportunities to wealthy investors.
Public/private development and regeneration of cities via business-led joint venture companies. Separate economic development zones and Business Improvement Districts (BIDs)	Tax Increment Financing – borrowing against anticipated future property tax increases and Land Value Capture.	Market forces and increased role of land valuation and planning consultants, estate agents and private developers leads to further privatisation of planning, design and development process at expense of public needs. Also outsourcing of support services.	Loss or erosion of public service principles and values and replaced by market ideology and commercial values.

Public-Private Partnerships (continued...)			
		Corporate structures for zones & BIDs.	
Social or Development Impact Bond projects	Private impact investor finance and growth of Social Finance organisations and Social Stock Exchanges. Payment by Results (PbR) for private contractors with impact investing performance assessments.	Promoted by G20 group of countries. Consultants, banks and enterprise agencies promote increase in projects and growth of market.	Decision of private impact investor to profit from early development and prevention.
Global PPPs for specific diseases, drugs and vaccines	Jointly financed by international agencies, nation states and philan-throcapitalists.	Widening private healthcare markets.	
Private provision publicly financed			
Promote alternative provision by private or non-profit sectors provided but financed by public sector (and philanthropic organisations)	Philanthrocapitalism funding in support of marketised and privatized alternatives to public provision – for example academy, free and charter schools. New financial savings products for education and health.	New or expanded market in support services and growth in new organisational structures and companies.	Parents pressured to use vouchers, tax credits, education and health savings accounts.
Private provision publicly financed			
Business representatives have influential role in public agencies	Private sector has significant role in public policy and investment decisions and contract monitoring.		

Private provision publicly financed (continued...)			
Public interest information regarded 'commercially confidential'		Procurement process increases secrecy and significantly reduces citizen participation in public policy making process. Private sector not covered by Freedom of Information legislation.	
Reduced opportunities for participation in public policy making process		Mainstreaming of marketisation and procurement process significantly reduces user, community and trade union participation.	
Commodification of nature and biodiversity			
Public land, forests, wildlife, oceans and fisheries	New payment systems. New business/state partnership models. Commercial criteria at centre of policy making.	Ecosystem services. Offsetting and trading arrangements. Green markets Reliance on impact assessments – dispute & arbitration courts.	New access restrictions. Loss of natural habitats and species.
Loss of human and labour rights			
Reduction in rights to demonstrate		Action prohibited in key public spaces.	More difficult to organize and represent comm-unities and build alliances.

Loss of human and labour rights (continued...)			
Reduction in trade union rights	Pressure to use pension resources to contribute to city bailouts costs.	Right to organize removed/new restrictive regulations to limit representation.	Change to defined contribution pensions (dependent on individual contributions) in place of defined benefit pensions (based final salary).
Privatisation of the public realm, domain and sphere			
Public spaces in cities privatized and controlled by private security	Public land sold as part of development deals.		Restricts activities to distribute information, hold meetings and protests.
Reduction in greenhouse gases	Emissions trading system for greenhouse gases established under 1997 Kyoto Protocol. Polluter countries given 'emission credits' equivalent to 1990 level of emissions less their reduction commitment. Countries allocate credits on nationwide basis, most polluting industries receive biggest allocation.	Polluters can buy and sell credits to other polluters on open market and invest in pollution reduction schemes in other countries to earn credits which can be used, sold or banked. Corporate-led self-monitoring and verification schemes run by big business.	Radical change in use of petrol and diesel cars, transport of food and goods, home heating, water conservation.
Public knowledge privatised		Trade-Related Intellectual Property Rights (TRIPS) – patents on products and processes protects monopoly rights. Obliges governments not to disclose information of 'commercial value'.	